



Department of Justice

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TWO CLEVELAND SCRAP METAL COMPANIES, OWNER, AND AN EMPLOYEE INDICTED ON SUPPLIER ALLOCATION AND BID-RIGGING CHARGES

One Company Also Charged with Wire Fraud

WASHINGTON, D.C. – A federal grand jury in Cleveland today indicted M. Weingold & Co. (M. Weingold); Harry Rock & Associates Inc. (Rock), formerly known as Harry Rock & Company; their owner, Jack Weingold; and an employee of M. Weingold, Loren Margolis, for conspiring to allocate scrap metal suppliers and rig bids for the purchase of scrap metal in Northeast Ohio, the Department of Justice announced. In addition, Rock was indicted for committing wire fraud in connection with a bid-rigging attempt with a competitor.

According to the charges filed in U.S. District Court in Cleveland, the companies, M. Weingold and Rock, both headquartered in Cleveland; Jack Weingold of Chagrin Falls, Ohio; and Loren Margolis of Moreland Hills, Ohio, were charged with participating in two separate conspiracies--one beginning at least as early as December 1993 and continuing at least until October 1999 and the other beginning at least as early as December 1993 and continuing at least until November 1999--to allocate suppliers and rig bids for scrap metal. Additionally, Rock was charged with wire fraud in connection with a scheme to defraud a supplier of scrap metal by attempting to rig a bid with one of Rock's competitors in January 2000.

"Today's indictment demonstrates our ongoing commitment to prosecute anticompetitive conduct that harms American businesses and consumers," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division.

The indictment charges that the two conspiracies were carried out through meetings and discussions among the conspirators, during which they agreed to allocate scrap metal suppliers among themselves and not compete against each other, denying the companies and individuals from whom they purchased scrap metal a competitive price. During their collusive discussions and meetings, the conspirators agreed to rig bids to scrap metal suppliers, including agreeing on which designated co-conspirator would purchase scrap metal from particular suppliers and the prices to be submitted to them, refraining from submitting bids to scrap metal suppliers, and submitting complementary, non-competitive and rigged bids or price quotations to scrap metal suppliers.

This is the fifth case resulting from an ongoing criminal investigation of the scrap metal industry being conducted by the Antitrust Division's Cleveland Field Office. Previously, Howard Bahm, the former president of Rock, pleaded guilty to having engaged in four separate antitrust conspiracies, similar to the ones charged today. Bahm's plea agreement with the government, in addition to requiring his continuing cooperation, requires him to pay a fine of \$1 million, and he faces up to 37 months of jail. Bahm is awaiting sentencing.

Two other Cleveland-area scrap metal companies, Bay Metal Inc. (Bay Metal) of Richfield, Ohio, and Bluestar Metal Recycling Co. (Bluestar) of Elyria, Ohio, previously pleaded guilty to conspiring to allocate scrap metal suppliers and rig bids in the purchase of scrap metal in Northeast Ohio. In addition, Bluestar pleaded guilty to a conspiracy to commit mail fraud and transport interstate fraudulently obtained property. Bay Metal paid a fine of \$850,000; Bluestar paid fines and restitution totaling \$675,000.

In another related case, United States v. Atlas Iron Processors Inc., et al., four individuals and two companies were convicted at trial in Miami, Florida, for conspiring to allocate suppliers and fix prices, including a Cleveland-area company, Atlas Iron Processors Inc. and its three top officials and owners, Anthony J. Giordano, Sr., Anthony J. Giordano, Jr., and David Giordano, each of whom was sentenced to one year in jail in addition to paying fines and restitution.

M. Weingold, Rock, Jack Weingold and Loren Margolis are charged with violating Section One of the Sherman Act, which carries a maximum fine of \$10 million for a corporation and three years imprisonment and a fine of \$350,000 for an individual on each count. Rock is also charged with violating 18 U.S.C. 1343 (wire fraud), which carries a maximum fine of \$500,000. The maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, the defendants could be ordered to pay restitution for the full amount of the victim's loss.

The ongoing investigation is being conducted by the Antitrust Division's Cleveland Field Office with the assistance of the Federal Bureau of Investigation's Cleveland Office.

Anyone with information about supplier, customer or territorial allocation, bid rigging, price fixing, or other anticompetitive conduct in the scrap metal industry should call the Antitrust Division's Cleveland Field Office at (216) 522-4070, or the Federal Bureau of Investigation's Cleveland Office at (216) 522-1400.

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